



THE MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003: *PROTECTING OUR LOW-INCOME SENIORS FROM HIGH PRESCRIPTION DRUG COSTS*

Background:

Currently, the Medicare program does not cover outpatient prescription drugs. As a result, America's seniors and individuals with disabilities struggle to acquire these life-saving medications. However, this will no longer be the status quo. Recently signed into law by President George W. Bush, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (H.R.1) provides prescription drug coverage to over 40 million Medicare beneficiaries for the first time in the program's history. Particularly, it calls for **significant relief to millions of low-income beneficiaries**. Beneficiaries will no longer be forced to choose between their medications and other life necessities such as groceries or utilities.

Prescription Drug Discount Card:

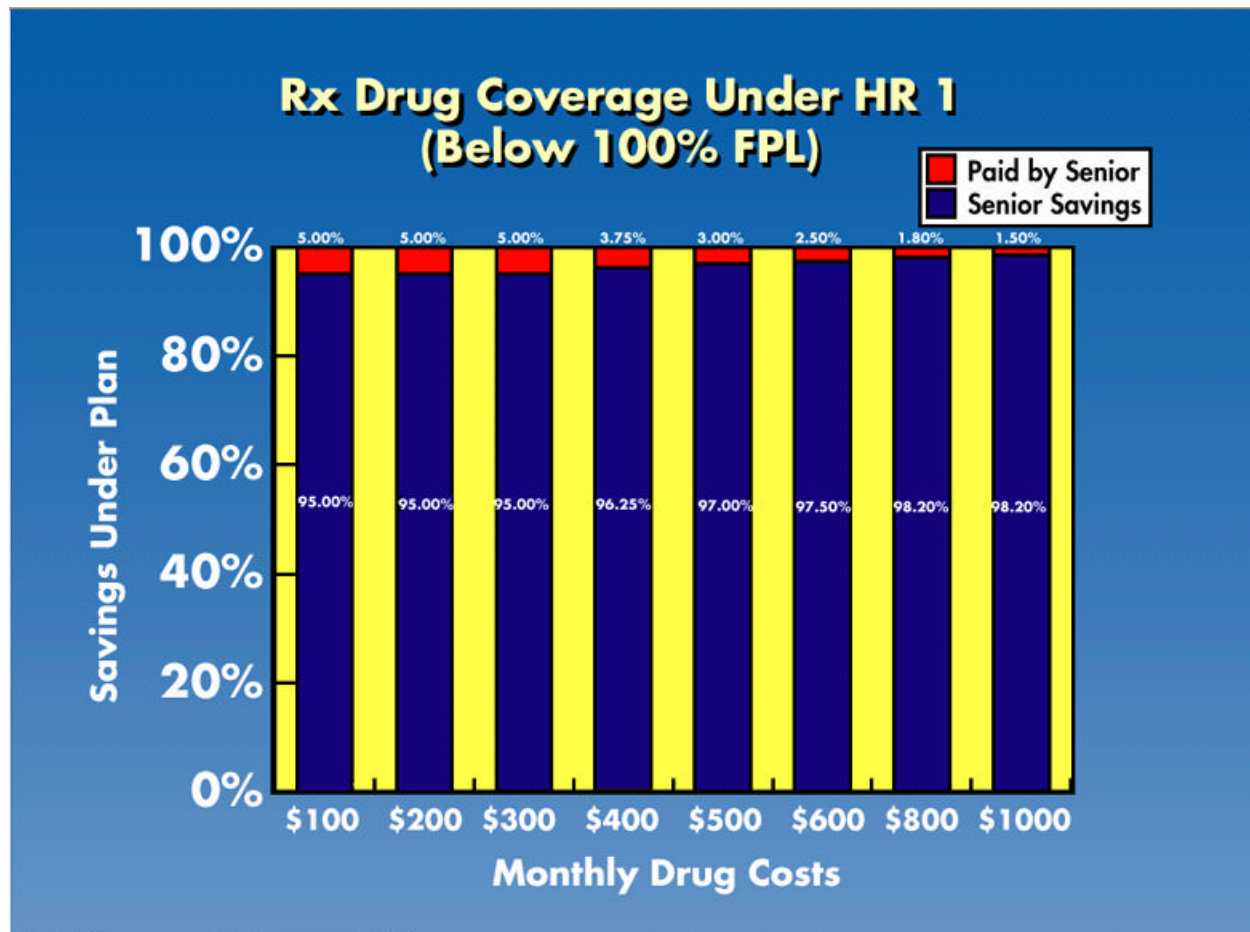
Because it is not possible to implement this major benefit expansion before January 2006, Congress took steps to provide Medicare beneficiaries with some immediate relief from high prescription drug costs. By June 1, 2004, the law calls for all seniors and individuals with disabilities to be offered a Medicare-approved prescription drug discount card. The Department of Health and Human Services estimates that these discount cards will provide seniors with **savings of 10 to 25 percent**. In addition, the law provides low-income beneficiaries with **an additional annual subsidy of \$600** in order to help purchase the drugs they so desperately need.

Medicare Prescription Drug Benefit:

In 2006, the Medicare drug benefit takes effect, implementing new protections and extra assistance for low-income beneficiaries. The following table highlights these improvements:

Federal Poverty Level (FPL)	Income Level- Individual	Income Level- Couple	Coinsurance/ Co-payment
100% FPL	\$8,860	\$11,940	\$1 generic \$3 brand
100-135% FPL	\$11,961	\$16,119	\$2 generic \$5 brand
135-150% FPL	\$13,290	\$17,910	15%

As illustrated above, the new drug benefit provides Medicare beneficiaries with **true, comprehensive drug coverage** for the first time in the history of the program. For beneficiaries with incomes below 135% of the poverty level, they will pay **no monthly premium, no deductible**, and **only \$1-\$5 per prescription drug**. In the case of beneficiaries with incomes between 135% and 150% of the poverty level, they will pay reduced premiums, a reduced deductible of \$50, and only 15% per prescription.



What Does This Mean for Seniors in Tennessee?

- In 2004 and 2005, the prescription drug discount card will offer **217,613 lower-income Tennesseans with a \$600 annual subsidy**, equaling **\$261,136,095 in low-income assistance** to the state of Tennessee alone.
- **873,247 Tennessee Medicare beneficiaries** will have access to a Medicare prescription drug benefit in 2006, representing the first time in Medicare's 40 year history, **including 237,873 beneficiaries without current coverage** for prescription drugs.
- Once the Medicare prescription drug plan begins in 2006, it will provide **357,843 Tennesseans who have very low incomes with generous prescription drug coverage**, including no premium or deductible and minimum cost-sharing requirements.
- An additional **72,673 lower-income Tennesseans will qualify for reduced premiums, lower deductibles and coinsurance, and no gaps in coverage**.